

WATER/ICRJ/RHG

Decision 02-11-065 November 21, 2002

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF
CALIFORNIA**

In the Matter of the Application of DEL ORO
WATER COMPANY U-61-W, for authority to
borrow approximately \$250,000 (and to issue
evidence of indebtedness in connection
therewith) in order to pay the costs of
determining compliance with the California
Environmental Quality Act of a proposed capital
improvement project and for authority to recover
all such costs by applying monthly surcharges to
customers in its Lime Saddle, Paradise Pines and
Magalia Districts in Butte County, California.

Application 02-06-033
(Petition for Modification
filed October 3, 2002)

SUPPLEMENTAL OPINION

Summary

This decision amends Ordering Paragraph 5 of Decision (D.)
02-09-036 in accordance with the request of Del Oro Water Company
(Del Oro) in its petition for modification of D.02-09-036 (Petition).

Pursuant to Rule 43 of the Commission's Rules of Practice and
Procedure, Del Oro seeks confirmation that it may also enter into a loan
agreement with a lender conditioned upon the Commission's
authorization of a surcharge.

Notice of the filing appeared on the Commission's Daily Calendar of
October 7, 2002. No protests have been received.

Background

On September 19, 2002, by D.02-09-036, the Commission granted Del Oro the authority to borrow \$250,000 under the Safe Drinking Water State Revolving Fund or from a conventional lender to finance the costs associated with securing a California Environmental Quality Act review required for the utility's proposed Paradise Pines District, the Lime Saddle District, and the Magalia District project. The decision denied without prejudice Del Oro's request for authority to contemporaneously apply monthly surcharges to customers to repay the principal and interest of the loan.

Page 9 of the decision states that in order for this Commission to authorize a principal and interest surcharge, the utility must make a showing that the lender requires a dedicated source of payment for the loan and the utility must comply with the notification procedure under Rule 24 of the Commission's Rules of Practice and Procedure. Furthermore the decision states that if Del Oro is unable to obtain a loan without authorization for surcharge recovery, it can enter a loan agreement conditioned upon the Commission's authorization of a surcharge. Thereafter, Del Oro may file a motion to request such surcharge recovery.

Ordering Paragraph 5 of D.02-09-036 states that:

Del Oro may by the application process request for surcharge method of recovery once the environmental impact report is completed and once it has secured a loan provider for the project covering its Paradise Pines District, Lime Saddle District, and Magalia District.

Modification Sought

Del Oro requests that the statement referring to the conditional loan agreement appearing on page 9 of D.02-09-036 be confirmed and restated in ordering paragraph 5 of the decision.

We find Del Oro's request proper. Our action in this matter would clarify Del Oro's financing options consistent with the intent of D.02-09-036 and the conditions stated in the text of the decision.

Accordingly, Ordering Paragraph 5, page 11 of the decision is amended to read:

“If Del Oro is unable to obtain a loan without authorization for surcharge recovery, it can enter into a loan agreement conditioned upon the Commission's authorization of a surcharge. Del Oro shall file a motion to request such surcharge recovery. Del Oro shall make a showing that the lender requires a dedicated source of payment and shall comply with the customer notification procedure for rate increase contained in the Commission's Rules of Practice and Procedure.”

This is an uncontested matter in which the decision pertains solely to a water company. Accordingly, pursuant to PU Code § 311 (g)(3), the 30-day period for public review and comment under § 311(g)(1) does not apply.

We approve Del Oro's Petition in this order.

Findings of Fact

1. Del Oro, a California corporation, is a public utility subject to the jurisdiction of this Commission.

2. Del Oro's Petition is for proper purposes and not adverse to the public interest.

3. Notice of the filing of the Petition appeared on the Commission's Daily Calendar of October 7, 2002. There is no opposition to the Petition and there is no reason to delay granting the modification described therein.

Conclusions of Law

1. A public hearing is not necessary.
2. The Petition should be granted to the extent set forth in the order that follows.
3. The following order should be effective on the date of signature.

SUPPLEMENTAL ORDER

IT IS ORDERED that:

1. Ordering Paragraph 5, page 11 of Decision 02-09-036 dated September 19, 2002 in Application (A.) 02-06-033 is amended to read that "If Del Oro is unable to obtain a loan without authorization for surcharge recovery, it can enter into a loan agreement conditioned upon the Commission's authorization of a surcharge. Del Oro shall file a motion to request such surcharge recovery. Del Oro shall make a showing that the lender requires a dedicated source of payment and shall comply with the customer notification procedure for rate increase contained in the Commission's Rules of Practice and Procedure."

2. In all other respects, D.02-09-036 remains in full force and effect.

This supplemental order is effective today.

Dated November 21, 2002, at San Francisco, California.

LORETTA M. LYNCH

President

HENRY M. DUQUE

CARL W. WOOD

MICHAEL R. PEEVEY

Commissioners

Commissioner Geoffrey F. Brown, being
necessarily absent, did not participate.